

SEC Number 17514

PSE Code _____

File Number _____

**RIZAL COMMERCIAL BANKING
CORPORATION AND SUBSIDIARIES**

(Company's Full Name)

**Yuchengco Tower, RCBC Plaza
6819 Ayala Ave. corner Sen G.J. Puyat Ave., Makati City**

(Company's Address)

894-9000

(Telephone Number)

March 31, 2006

(Fiscal Quarter Ending)

SEC FORM 17-Q

Form Type

Amendment Designation (if applicable)

Period Ended Date

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC
RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended March 31, 2006
2. Commission identification number 17514
3. BIR Tax Identification No. 320-000-599-760
4. Exact name of registrant as specified in its charter : RIZAL COMMERCIAL BANKING
CORP.
5. Philippines
Province, Country or other jurisdiction of incorporation or organization
6. (SEC Use Only) Industry Classification Code
7. 6819 Ayala Ave. cor. Sen. Puyat Avenue, Makati City 1200
Address of principal office Postal Code
8. 632/ 894-9000
Registrant's telephone number, including area code
9. Not applicable

Former name, former address & former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 4 and 8 of the RSA

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding</u>
Common Stock, P10 par value	632,964,018 (as of 03/31/06)

11. Are any or all of these securities listed on the Philippine Stock Exchange
Yes (x) No ()

12. Check whether the registrant:

(a) has filed all reports required to be filed by Section 11 of the Revised Securities Act (RSA) and RSA Rule 11(a)-1 thereunder and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) : (Note : Sec. 26 of the CCP deals with reporting of election of directors or officers to the SEC; Sec. 141 with the submission of financial statements to the SEC.)

Yes (x) No ()

(b) has been subject to such filing requirements for the past 90 days

Yes (x) No ()

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements ^{1/}

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CONDITION

(Amounts in Thousand)

	(Unaudited)	(Audited)
	March 31	December 31,
	2006	2005
ASSETS		
Cash and Other Cash Items	P 2,967,183	5,389,129
Due From Bangko Sentral ng Pilipinas	5,773,516	3,032,805
Due From Other Banks	5,089,250	3,226,059
Investment Securities		
Financial Assets at Fair Value		
Through Profit or Loss	10,278,181	7,348,503
Held to Maturity Investments	31,387,831	24,323,163
Available for Sale Securities	11,309,570	10,852,853
Loans and Receivables, net	90,054,613	100,166,021
Investments in Associates, net	2,107,422	2,073,615
Bank Premises, Furniture, Fixtures & Equipment, net	3,325,623	3,464,533
Investment Property, net	12,037,435	11,533,065
Deferred Tax Assets	2,449,156	2,356,484
Other Resources, net	13,662,056	10,971,262
TOTAL RESOURCES	P 190,441,836	P 184,737,492
LIABILITIES AND CAPITAL FUNDS		
Deposit Liabilities		
Demand Deposits	P 7,997,080	P 7,712,349
Savings Deposits	51,310,351	52,675,292
Time Deposits	77,936,684	72,892,594
	P 137,244,115	P 133,280,235
Bills Payable	15,816,625	14,855,330
Bonds Payable	6,957,721	7,210,396
Outstanding Acceptances Payable	352,452	275,347
Due to Other Banks	113,452	10,697
Accrued Taxes, Interest and Other Expenses Payable	2,059,705	2,484,747
Other Liabilities	8,936,952	7,922,631
Subordinated Debt	5,506,491	5,472,129
TOTAL LIABILITIES	P 176,987,513	P 171,511,512
Capital Funds		
Attributable to Parent Company Shareholders:		
Capital Stock	6,329,640	6,329,640
Capital Paid in Excess of Par	2,118,688	2,118,688
Revaluation Reserves on Available for Sale Securities	40,478	39,570
Accumulated Translation Adjustment	140,572	163,360
Reserve for Trust Business	223,774	223,774
Share in Additional Paid in Capital of an Associate	532,583	532,583
Surplus	4,110,481	3,793,639
	13,496,216	13,201,254
Minority Interest	(41,893)	24,726
TOTAL CAPITAL FUNDS	13,454,323	13,225,980
TOTAL LIABILITIES & CAPITAL	P 190,441,836	P 184,737,492

^{1/} The interim consolidated financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) and reflect amounts that are based on the best estimates and informed judgment of management with appropriate consideration to materiality.

RIZAL COMMERCIAL BANKING CORPORATION

CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousand except for no. of shares and earnings per share)

	Jan. 1 to Mar. 31 2006	Jan. 1 to Mar. 31 2005
INTEREST INCOME		
Loans and receivables	P 2,415,308	P 2,547,210
Trading and investment securities	1,193,018	845,978
Others	56,310	44,995
	<u>3,664,636</u>	<u>3,438,183</u>
INTEREST EXPENSE		
Deposit liabilities	1,239,568	1,296,427
Bills payable and other borrowings	801,871	743,759
	<u>2,041,439</u>	<u>2,040,186</u>
NET INTEREST INCOME	1,623,197	1,397,997
IMPAIRMENT LOSSES	422,434	343,912
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES	<u>1,200,763</u>	<u>1,054,085</u>
OTHER OPERATING INCOME		
Trading and securities gain-net	567,372	133,363
Trust fees	71,784	87,024
Foreign exchange gains (losses)-net	(133,044)	72,834
Commissions and other income	623,876	609,651
	<u>1,129,988</u>	<u>902,872</u>
OTHER EXPENSES		
Compensation and fringe benefits	582,737	630,880
Occupancy & equipment related costs	323,452	231,164
Taxes & Licenses	214,528	191,920
Depreciation and amortization	84,545	137,554
Miscellaneous	725,676	637,380
	<u>1,930,938</u>	<u>1,828,898</u>
INCOME BEFORE TAX	399,813	128,059
TAX EXPENSE	147,335	53,703
NET INCOME	252,478	74,356
NET LOSS ATTRIBUTABLE TO MINORITY INTEREST	<u>(68,055)</u>	<u>(32,716)</u>
NET INCOME ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS	<u>320,533</u>	<u>107,072</u>
Number of Shares of Stock Outstanding	<u>632,964,018</u>	<u>632,964,018</u>
Earnings per Share	<u>0.51</u>	<u>0.17</u>

RIZAL COMMERCIAL BANKING CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousand)

	Unaudited Jan. 1 to Mar. 31 2006 (03.31.06 vs. 12.31.05)	Unaudited Jan. 1 to Mar. 31 2005 (03.31.05 vs. 12.31.04)
FUNDS WERE PROVIDED FROM		
Operations:		
Net Income	P 320,533	P 107,072
Add: Charges against Income not requiring outflow of funds	613,268	481,466
Less: Additions to Income not requiring inflow of funds		
Total funds provided from Operations	P 933,801	P 588,538
Increase in Deposit Liabilities	3,963,880	6,180,995
Increase in Bills Payable	961,295	
Increase in Outstanding Acceptances Payable	77,105	74,675
Increase in Due to Other Banks	102,755	408,909
Increase in Bonds Payable		
Increase in Other Liabilities	1,014,321	8,604,498
Increase in Subordinated Debt	34,362	
Increase in Other Capital Accounts		
Decrease in Cash and Other Cash Items	2,421,946	1,604,593
Decrease in Interbank Loans Receivable		10,182,767
Decrease in Loans and Other Receivables	9,582,685	
Decrease in Investment in Associates	875,096	
Decrease in Fixed Assets	54,365	
Decrease in Other Assets		519,160
	P 20,021,611	P 28,164,135
FUNDS WERE APPLIED TO:		
Increase in Due From BSP	P 2,740,711	P 1,114,280
Increase in Due From Other Banks	1,863,191	148,545
Increase in Loan Portfolio		1,103,761
Increase in Investment Securities	10,451,063	23,459,279
Increase in Equity Investments		63,667
Increase in Fixed Assets		10,492
Increase in Investment Property	504,370	328,287
Increase in Deferred Tax Assets	92,672	
Increase in Other Resources	3,599,697	
Decrease in Bills Payable		1,393,571
Decrease in Bonds Payable	252,675	
Decrease in Accrued Taxes, Interest and Other Expenses Payable	425,042	359,916
Decrease in Minority Interest	66,619	34,125
Decrease in Other Capital Accounts	25,571	148,212
	P 20,021,611	P 28,164,135

RIZAL COMMERCIAL BANKING CORPORATION
STATEMENT OF CHANGES IN EQUITY
(Amounts in Thousands)

		Unaudited		Unaudited
		Jan. 1 to Mar.		Jan. 1 to Mar.
		31		31
		<u>2006</u>		<u>2005</u>
Capital Funds, beginning	P	13,201,254	P	13,604,600
Add/(Deduct) Changes in Capital:				
Net income for the period		320,533		107,072
Equity adjustment from translation		(22,788)		(20,186)
Share in Unrealized loss on Available for Sale Securities		908		(127,747)
Other capital adjustments		<u>(3,691)</u>		<u>(279)</u>
Capital Funds, end	P	<u>13,496,216</u>	P	<u>13,563,460</u>

Additional Disclosures to Item I - Financial Statements

Accounting Policies and Methods of Computation. There were no changes in the accounting policies and methods of computation followed in the interim financial statements as compared with the most recent annual financial statements.

Seasonality or Cyclicity of Interim Operations. Seasonal or cyclical events and/or conditions do not affect the year-round operations of the Bank.

Changes in Estimates of Amounts Reported. There were no changes in estimates of amounts reported in prior interim periods of the current financial year or in estimates of amounts reported in prior financial years.

Issuances, Repurchases and Repayments of Debt and Equity Securities. There were no issuances, repurchases and repayments of debt and equity securities in the interim financial statements as compared with the most recent annual financial statements.

Dividends Paid for Ordinary or Other Shares. There were no dividends paid for ordinary or other shares as of the 1st quarter ended March 31, 2006.

Segment Information. The following table presents revenues and expenses that are directly attributable to primary business segments for the quarter ended March 31, 2006 (in millions).

	Commercial Banking Group	Corporate Business Development Group	Financial Markets Group	Others	Total
Results of Operations					
Net interest income	536	163	289	80	1,068
Noninterest income	166	128	519	(156)	657
Total revenue	703	291	807	(76)	1,725
Noninterest expense	465	61	67	695	1,288
Income (loss) before income tax	237	230	741	(771)	437
Income tax provision				116	116
Net income (loss)	237	230	741	(887)	321

Material Events Subsequent to the End of the Interim Period Not Reflected in the Financial Statements. There were no material events subsequent to the end of the interim period that has not been reflected in the financial statements for the interim period.

Changes in Composition of the Issuer During the Interim Period. During the interim period, there were no changes in the composition of the issuer including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinued operations.

Changes in Contingent Liabilities or Contingent Assets. There were no changes in contingent liabilities or contingent assets since the last annual balance sheet date.

Material Contingencies and Any Other Events or Transactions. There exists no material contingencies and any other events or transactions that are material to an understanding of the current interim period.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

As expected, the government raised the expanded value-added tax from 10 to 12 percent in February causing the price of basic utilities, and fuel to go up. Reflecting the impact of the 2 percent increase in tax, inflation rose and averaged 7.3% in the first quarter. The strengthening of the peso and the rollback of selected oil products in March, however, cushioned the effects of inflation. Consequently, inflation this period was relatively lower than the 8.5% average inflation rate during the same period last year.

At end March 2006, the peso-dollar exchange rate closed at P51.16, 3.58% stronger than yearend's P53.06. The year to date average exchange rate was pegged at P51.84, a 5.61% appreciation from the previous year's average rate of P54.92 to the US dollar. Ample foreign exchange remittances from overseas Filipino workers and portfolio investments contributed to the strengthening of the peso during the period.

Domestic interest rates remained low in the first quarter of 2006 resulting from positive market sentiment. The benchmark 91-day Treasury Bill averaged 5.04% this quarter from 7.00% last year, dropping 196 bps year on year. The average US dollar Singapore Interbank Offered Rate (SIBOR) gained 200 bps year on year from 2.50% to 4.50%.

Despite the prevailing lower interest rates during the period, credit conditions remained soft as the risk from high oil prices continue to dampen productivity.

Financial Performance

	Consolidated		Parent	
	Unaudited	Audited	Unaudited	Audited
	March 31, 2006	December 31, 2005	March 31, 2006	December 31, 2005
Return on Average Assets (ROA) ^{1/}	0.17%	0.85%	0.20%	0.84%
Return on Average Equity (ROE) ^{2/}	2.36%	13.43%	2.27%	12.52%
BIS Capital Adequacy Ratio ^{3/}	14.75%	14.01%	14.60%	13.74%
Non-Performing Loans (NPL) Ratio ^{4/}	12.01%	10.77%	14.96%	14.08%
Non-Performing Assets (NPA) Ratio ^{5/}	12.61%	12.20%	11.48%	11.60%
Earnings per share (EPS) ^{6/}	0.51	2.58	0.51	2.14

1/ Average assets for the consolidated ratios were computed based on the average of the beginning and ending balances. Average assets for the parent was determined based on the 3 - month average of end of month balances. Year to date unaudited net income is for the 3-month ended March 31, 2006.

2/ Average equity for the consolidated ratios were, likewise, computed based on the average of the beginning and ending balances. Average equity for the parent was determined based on the 3-month average of end of month balances. Year to date unaudited net income is for the 3-month ended March 31, 2006.

3/ Risk-based capital adequacy ratio was determined based on BSP Circular No. 280 as amended and covers combined credit and market risks.

4/ Non-performing loans (NPLs) were net of accounts fully provided with valuation reserves.

5/ NPLs net of accounts fully provided with allowance for losses plus gross ROPOA

6/ Total outstanding and issued common shares of 632,964,018 shares.

31 March 2006 vs. 31 December 2005

Consolidated total resources of P190.442 billion posted a P5.704 billion growth from yearend's P184.737 billion. The higher total resources were accounted mainly by the growth in financial market assets, deposits with Bangko Sentral and with other banks. Consisting of risk free government securities, financial market assets grew from P42.524 billion to P52.976 billion or by 24.58%. Deposit with Bangko Sentral was higher by 90.37%, from P3.033 billion, principally due to the higher reserve requirement resulting from the increase in deposit liabilities. Deposits with other banks likewise reached P5.089 billion, increasing by P1.863 billion from P3.226 billion, as excess funds were channeled to interest earning assets. Hence, cash and cash items dropped from P5.389 billion to P2.967 billion, or by 44.94%.

The above-mentioned increases were however offset by the P10.111 billion, or 10.09%, decline in loans and receivables. As stated earlier, credit demand remained soft during the quarter despite the prevailing lower interest rates.

Increasing by 24.53%, other resources expanded primarily due to the prepayments of various expenses. The higher other assets reported by the consolidated subsidiaries further accounted for the growth in other assets.

Loans and other receivables and investment securities remained the biggest component of Bank's total assets at 47.29% and 27.82%, respectively, of total resources. Similarly, other resources and investment property accounted for 7.17% and 6.32%, respectively, of total resources.

Remaining the biggest source of funding at 72.07% of total assets, total deposit liabilities grew by P3.964 billion from P133.280 billion to P137.244 billion. Bills payable likewise increased by 6.47% or by P961 million to address short term funding requirements. Similarly, outstanding acceptances payable went up to P352 million due to higher volume of import bills acceptances under usance that were negotiated during the quarter.

The P103 million increase in due to other banks was mainly attributable to the higher credit balances, which are temporary in nature, of working funds maintained with local and foreign correspondent banks. These accounts are funded by inward remittances subject to drawing through payment order.

Accruals of interest, taxes and other expenses dropped by 17.11% from P2.485 billion as interest rates remained lower this period. In spite of the higher cost of doing business, costs and expenses were efficiently managed. Other liabilities, on the other hand, increased by 12.80% mainly on account of higher outstanding Manager's checks, payment orders payable and miscellaneous liabilities.

The Bank and its consolidated subsidiaries set aside provision for impairment losses of P422 million, higher than the P344 million set aside for the same period last year. The Bank and its subsidiaries maintain their prudent and conservative stance in providing for impairment losses due to the challenges and uncertainties in the economic and political environment. Notwithstanding the sustained provisioning for impairment losses, the results of operations for the first quarter of 2006 registered net profits of P321 million.

There are no known trends, demands, and commitments, events, or uncertainties that will have a material impact on Bank's liquidity.

31 March 2006 vs. 31 March 2005

In the first 3 months of 2006, the Bank posted a net income of P321 million, almost 200% increase from the reported net income during the same period last year of P107 million.

Net interest income improved by 16.11%, from P1.398 billion to P1.623 billion as interest income was higher by 6.59% year on year. Total interest income increased to P3.665 billion mainly on account of the higher interest earned from investment securities. Interest expense was lower this period due to the prevailing low interest rates as well as the lower deposit liabilities year on year, or P137.244 billion this period compared with last year's P143.440 billion.

Provision for impairment losses at P422 million was 22.83% higher than P344 million year on year. Other income likewise went up from P903 million to P1.130 billion year on year. Trading and securities gains principally accounted for the 25.15% growth in non-interest income.

Operating expenses went up by P102 million to P1.931 billion in the first three months of the year. The growth in operating expenses was largely due to the impact of the change in E-VAT rate from 10% to 12%. The Bank continues to exert effort in containing and managing its operating expenses.

Tax expense went up to P147 million this period. A large chunk of Bank's revenues were subjected to final taxes and withheld at source. Another reason for the higher provision for income tax was the non-recognition of deferred income tax of its subsidiary credit card company beginning 2006.

As a result of the higher net loss incurred by one of the Bank's majority-owned subsidiary, minority interest in net income (loss) went up from negative P33 million to negative P68 million.

There were no significant elements of income or loss that did not arise from the bank's continuing operations.

Commitments and Contingent Liabilities

To date, the Bank has no material commitment for capital expenditures.

Likewise, in the normal course of operations of the Bank, there are various outstanding commitments and contingent liabilities that are not reflected in the accompanying financial statements. Management does not anticipate losses from these transactions that will adversely affect its operations.

Several suits and claims also remain unsettled. Management is of the opinion that even if these are decided adversely, it will not involve sums that would have material effect on its financial position or operating results.

The following is a summary of contingencies and commitments arising from off-balance sheet items at their equivalent peso contractual amounts as of March 31, 2006 and December 31, 2005:

	Consolidated		Parent	
	Unaudited	Audited	Unaudited	Audited
	March 31, 2006	December 31, 2005	March 31, 2006	December 31, 2005
Trust department accounts	48,314,042	47,405,843	47,391,609	46,512,797
Forward exchange sold	15,602,762	15,645,919	15,602,762	14,890,632
Forward exchange bought	9,683,755	10,937,206	9,683,755	10,191,632
Inward bills for collection	2,425,519	5,505,705	2,425,519	5,505,705
Outstanding guarantees issued	2,044,655	2,562,899	2,044,655	2,562,899
Unused commercial letters of credit	6,976,108	6,877,595	6,976,108	6,877,595
Spot exchange sold	4,068,530	880,737	3,963,054	880,737
Spot exchange bought	3,232,563	368,289	3,231,865	258,402
Outward bills for collection	161,687	189,701	160,599	188,700
Late deposits/payments received	36,610	281,481	13,061	369,289
Traveler's check unsold	33,452	32,395	33,452	32,395
Items held for safekeeping	109	71	39	28

Forward exchange sold includes the Parent Company's outstanding long-term cross currency swap contracts where it sells US dollar and buys Philippine peso, with an aggregate notional amount of P5.0 billion as of March 31, 2006.

To the knowledge and / or information of the Bank, there are no events that will trigger a direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

There are also no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.

There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

Similarly, there were no significant elements of income or loss that did not arise from the Bank's continuing operations.

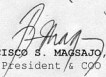
Lastly, there were no seasonal aspects that have a material effect on the financial condition or results of operation of the Bank.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer RIZAL COMMERCIAL BANKING CORPORATION


Date May 15, 2006



FRANCISCO S. MAGSAÑO, JR.
President & COO



MA. TERESITA A. MUÑOZ
SVP/Head- Controllershship Group



ELBERT M. ZOSA
SVP/Corporate Information Officer

Date May 15, 2006

RIZAL COMMERCIAL BANKING CORPORATION & SUBSIDIARIES

Aging of Accounts Receivable

As of March 31, 2006

	Total	1-90 days	91-180 days	181-1 year	more than 1 Year	Past Due accounts & Item in Litigation
a) Trade Receivables	9,169	9,169	-			
Less: Allow For Doubtful Acct.	-					
Net Trade Receivable	9,169	9,169	-	-	-	-
b) Non-Trade Receivables	1,147,208	308,458	82,073	12,497	451,592	292,588
Less: Allow For Doubtful Acct.	292,588					292,588
Net Non-Trade Receivable	854,620	308,458	82,073	12,497	451,592	-
Net Receivables (a + b)	863,789					

Notes: If the Company's collection period does not match with the above schedule and revision is necessary to make the schedule not misleading, the proposed collection in this schedule may be changed to appropriately reflect the Company's actual collection period.